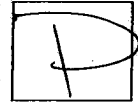


ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

ANNUAL REPORT MAILING LABEL – MAKE CHANGES AS NECESSARY



W-01774A
Picacho Water Improvement
PO Box 44
Picacho, AZ 85421

ANNUAL REPORT

FOR YEAR ENDING

12	31	2007
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copy

RECEIVED

MAR 04 2009

LEGAL DIV.
ARIZ. CORPORATION COMMISSION

FOR COMMISSION USE

ANN 04	07
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PROCESSED BY:

3-4-09

SCANNED

COMPANY INFORMATION

Company Name (Business Name)	Picacho Water Improvement Corporation		
Mailing Address	P.O. Box 44		
	(Street)		
Picacho	AZ	85241	
(City)	(State)	(Zip)	
520-466-3787			
Telephone Number (Include Area Code)	Fax No. (Include Area Code)	Pager/Cell No. (Include Area Code)	
Email Address			
Local Office Mailing Address	same as above		
	(Street)		
	(City)	(State)	(Zip)
Local Office Telephone Number (Include Area Code)	Fax No. (Include Area Code)	Pager/Cell No. (Include Area Code)	
Email Address			

MANAGEMENT INFORMATION

Management Contact:	Ed Kile	Manager	
	(Name)	(Title)	
P.O. Box 44	Picacho	AZ	85241
(Street)	(City)	(State)	(Zip)
520-466-3787			
Telephone Number (Include Area Code)	Fax No. (Include Area Code)	Pager/Cell No. (Include Area Code)	
Email Address			
On Site Manager:	Ed Kile		
	(Name)		
P.O. Box 44	Picacho	AZ	85241
(Street)	(City)	(State)	(Zip)
520-466-3787			
Telephone Number (Include Area Code)	Fax No. (Include Area Code)	Pager/Cell No. (Include Area Code)	
Email Address			

☐ Please mark this box if the above address(es) have changes or are updated since the last filing.

Statutory Agent Ed Kile			
(Name)			
P.O. Box 44	Picacho	AZ	85241
(Street)	(City)	(State)	(Zip)
520-466-3787			
Telephone Number (Include Area Code)	Fax No. (Include Area Code)	Pager/Cell No. (Include Area Code)	
Attorney: Robert Lynch			
(Name)			
340 E. Palm Lane	Phoenix	AZ	85004
(Street)	(City)	(State)	(Zip)
602-254-5908			
Telephone Number (Include Area Code)	Fax No. (Include Area Code)	Pager/Cell No. (Include Area Code)	

☐ Please mark this box if the above address(es) have changes or are updated since the last filing.

OWNERSHIP INFORMATION

Check the following box that applies to you company:	
<input type="checkbox"/> Sole Proprietor (S)	<input checked="" type="checkbox"/> C Corporation (C) (Other than Association/Co-Op)
<input type="checkbox"/> Partnership (P)	<input type="checkbox"/> Subchapter S Corporation (Z)
<input type="checkbox"/> Bankruptcy (B)	<input type="checkbox"/> Association/Co-Op (A)
<input type="checkbox"/> Receivership (R)	<input type="checkbox"/> Limited Liability Company
<input type="checkbox"/> Other (Describe) _____	

COUNTIES SERVED

Check the box below for the county/ies in which you are certificated to provide service:		
<input type="checkbox"/> APACHE	<input type="checkbox"/> COCHISE	<input type="checkbox"/> COCONINO
<input type="checkbox"/> GILA	<input type="checkbox"/> GRAHAM	<input type="checkbox"/> GREENLEE
<input type="checkbox"/> LA PAZ	<input type="checkbox"/> MARICOPA	<input type="checkbox"/> MOHAVE
<input type="checkbox"/> NAVAJO	<input type="checkbox"/> PINAL	<input checked="" type="checkbox"/> PINAL
<input type="checkbox"/> SANTA CRUZ	<input type="checkbox"/> YAVAPAI	<input type="checkbox"/> YUMA
<input type="checkbox"/> STATEWIDE		

UTILITY PLANT IN SERVICE

Acct. No.	DESCRIPTION	Original Cost (OC)	Accumulated Depreciation (AD)	O.C.L.D (OC less AD)
301	Organization			
302	Franchises			
303	Land and Land Rights	700		700
304	Structures and Improvements	933	933	
307	Wells and Springs	7479	5293	2186
311	Pumping Equipment	80381	76339	4042
320	Water Treatment Equipment			
330	Distribution Reservoirs and Standpipes	25619	25619	---
331	Transmission and Distribution Mains	61778	61778	---
333	Services			
334	Meters and Meter Installations	4320	4238	82
335	Hydrants			
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment			
340	Office Furniture and Equipment	1555	1555	---
341	Transportation Equipment	9245	9245	---
343	Tools, Shop and Garage Equipment			
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant	3251	3251	---
	TOTALS	195261	188251	7010

This amount goes on the Balance Sheet Acct. No. 108



CALCULATION OF DEPRECIATION EXPENSE FOR CURRENT YEAR

Acct. No.	DESCRIPTION	Original Cost (1)	Depreciation Percentage (2)	Depreciation Expense (1x2)*
301	Organization			
302	Franchises			
303	Land and Land Rights	700		
304	Structures and Improvements	933		
307	Wells and Springs	7479	20%	225
311	Pumping Equipment	80381	20%	823
320	Water Treatment Equipment			
330	Distribution Reservoirs and Standpipes	25619		
331	Transmission and Distribution Mains	61778		
333	Services			
334	Meters and Meter Installations	4320	20%	51
335	Hydrants			
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment			
340	Office Furniture and Equipment	1555		
341	Transportation Equipment	9245		
343	Tools, Shop and Garage Equipment			
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant	3251		
	TOTALS	195261		1099

This amount goes on Comparative statement of Income and Expense
Acct. No. 403.



BALANCE SHEET

Acct. No.	ASSETS	BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	CURRENT AND ACCRUED ASSETS		
131	Cash	\$ 11715	\$ 15376
134	Working Funds		
135	Temporary Cash Investments		
141	Customer Accounts Receivable	8361	6148
146	Notes/Receivables from Associated Companies		
151	Plant Material and Supplies		
162	Prepayments		
174	Miscellaneous Current and Accrued Assets	325	325
	TOTAL CURRENT AND ACCRUED ASSETS	\$ 20401	\$ 21849
	FIXED ASSETS		
101	Utility Plant in Service	\$ 195261	\$ 195261
103	Property Held for Future Use		
105	Construction Work in Progress		
108	Accumulated Depreciation – Utility Plant	(187152)	(188251)
121	Non-Utility Property		
122	Accumulated Depreciation – Non Utility		
	TOTAL FIXED ASSETS	\$ 8109	\$ 7010
	TOTAL ASSETS	\$ 28510	\$ 28859

NOTE: The Assets on this page should be equal to **Total Liabilities and Capital** on the following page.

BALANCE SHEET (CONTINUED)

Acct. No.	LIABILITIES	BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	CURRENT LIABILITIES		
231	Accounts Payable	\$	\$
232	Notes Payable (Current Portion)		
234	Notes/Accounts Payable to Associated Companies		
235	Customer Deposits	8853	8853
236	Accrued Taxes	341	367
237	Accrued Interest		
241	Miscellaneous Current and Accrued Liabilities		
	TOTAL CURRENT LIABILITIES	\$ 9194	\$ 9220
	LONG-TERM DEBT (Over 12 Months)		
224	Long-Term Notes and Bonds	\$ 10491	\$ 26730
	DEFERRED CREDITS		
251	Unamortized Premium on Debt	\$	\$
252	Advances in Aid of Construction		
255	Accumulated Deferred Investment Tax Credits		
271	Contributions in Aid of Construction		
272	Less: Amortization of Contributions		
281	Accumulated Deferred Income Tax		
	TOTAL DEFERRED CREDITS	\$ ---	\$
	TOTAL LIABILITIES	\$ 19685	\$ 35950
	CAPITAL ACCOUNTS		
201	Common Stock Issued	\$ 13339	\$ 13339
211	Paid in Capital in Excess of Par Value		
215	Retained Earnings	(4514)	(20430)
218	Proprietary Capital (Sole Props and Partnerships)		
	TOTAL CAPITAL	\$ 8825	\$ (7091)
	TOTAL LIABILITIES AND CAPITAL	\$ 28510	\$ 28859

Beginning Retained Earnings	(4514)
Loss for 2007	(15916)
Ending Retained Earnings	(20430)

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$ 61598	\$ 63528
460	Unmetered Water Revenue		
474	Other Water Revenue		
	TOTAL REVENUES	\$ 61598	\$ 63528
	OPERATING EXPENSES		
601	Salaries and Wages	\$	\$
610	Purchased Water		
615	Purchased Power	10547	12404
618	Chemicals		
620	Repairs and Maintenance	30169	16845
621	Office Supplies and Expense	617	1624
630	Outside Services	18956	35223
635	Water Testing	1157	1081
641	Rents		
650	Transportation Expense		
657	Insurance – General Liability	830	1184
659	Insurance – Health and Life		
666	Regulatory Commission Expense – Rate Case		
675	Miscellaneous Expense	2506	255
403	Depreciation Expense	1126	1099
408	Taxes Other Than Income	6346	4967
408.11	Property Taxes	2407	4878
409	Income Tax	50	
	TOTAL OPERATING EXPENSES	\$ 74711	\$ 79560
	OPERATING INCOME/(LOSS)	\$ (13113)	\$ (16032)
	OTHER INCOME/(EXPENSE)		
419	Interest and Dividend Income	\$ 87	\$ 116
421	Non-Utility Income		
426	Miscellaneous Non-Utility Income		
427	Interest Expense	1009	
	TOTAL OTHER INCOME/(EXPENSE)	\$ (922)	\$ 116
	NET INCOME/(LOSS)	\$ (14035)	\$ (15916)

SUPPLEMENTAL FINANCIAL DATA

Long-Term Debt

	LOAN #1	LOAN #2	LOAN #3	LOAN #4
Date Issued	10/28/03	03/01/06	03/01/07	06/01/07
Source of Loan	Great Western Bank	Mrs. Holmes	Hank. Holmes	Great Western Bank
ACC Decision No.				
Reason for Loan				
Dollar Amount Issued	\$ 15000	\$ 5000	\$ 15000	\$ 5000
Amount Outstanding	\$ 1730	\$ 5000	\$ 15000	\$ 5000
Date of Maturity				
Interest Rate	%	%	%	%
Current Year Interest	\$	\$ ---	\$	\$
Current Year Principal	\$ 3761	\$ ---	\$	\$

Meter Deposit Balance at Test Year End \$ 8853

Meter Deposits Refunded During the Test Year \$

COMPANY NAME Picacho Water Improvement Corporation	
Name of System	ADEQ Public Water System Number:

WATER COMPANY PLANT DESCRIPTION

WELLS

ADWR ID Number*	Pump Horsepower	Pump Yield (Gpm)	Casing Depth (Feet)	Casing Diameter (Inches)	Meter Size (Inches)	Year Drilled
622043	40	300	14"	20"	6"	1961
622044	25	65	12"	10"	3"	1961

*Arizona Department of Water Resources Identification Number

OTHER WATER SOURCES

Name or Description	Capacity (Gpm)	Gallons Purchased or Obtained (in thousands)

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other
50	1		

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
200,000	1	7500	1

COMPANY NAME Picacho Water Improvement Corporation	
Name of System	ADEQ Public Water System Number:

WATER COMPANY PLANT DESCRIPTION (CONTINUED)

MAINS		
Size (in inches)	Material	Length (in feet)
2		
3		
4		3000
5		
6		5000
8		6000
10		
12		
2		
3		
4		
6		

CUSTOMER METERS	
Size (in inches)	Quantity
5/8 x 3/4	
3/4	
1	
1 1/2	
2	6
Comp. 3	
Turbo 3	
Comp. 4	
Turbo 4	
Comp. 6	
Turbo 6	

For the following three items, list the utility owned assets in each category.

TREATMENT EQUIPMENT:

STRUCTURES:

OTHER:

Note: If you are filing for more than one system, please provide separate sheets for each system.

WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR

MONTH	NUMBER OF CUSTOMERS	GALLONS SOLD	GALLONS PUMPED (Thousands)	GALLONS PURCHASED (Thousands)
JANUARY	135	1585	1774	
FEBRUARY	135	1460	1518	
MARCH	136	1854	2087	
APRIL	136	2312	2388	
MAY	136	2488	2749	
JUNE	137	3360	2993	
JULY	137	2780	3795	
AUGUST	138	2594	2966	
SEPTEMBER	138	2453	2746	
OCTOBER	139	2139	2709	
NOVEMBER	139	1735	1537	
DECEMBER	140	962	1186	
TOTAL		25722	28448	---

What is the level of arsenic for each well on your system? _____ mg/l

(If more than one well, please list each separately)

If system has fire hydrants, what is the fire flow requirement? _____ GPM for _____ hrs

If system has chlorination treatment, does this treatment system chlorinate continuously?

☐ Yes ☐ No

Is the Water Utility located in an ADWR Active Management Area (AMA)?

☒ Yes ☐ No

Does the Company have an ADWR Gallons Per Capita Per Day (GPCPD) requirement?

☐ Yes ☒ No

If yes, provide the GPCPD amount: _____

Note: If you are filing for more than one system, please provide separate data sheets for each system.

PROPERTY TAXES

Amount of actual property taxes paid during Calendar year 2007 was \$ 4878.00

Attach to this annual report proof (e.g. property tax bills stamped "paid in full" or copies of cancelled checks for property tax payments) of any and all property taxes paid during the calendar year.

If no property tax paid, explain why. _____

**VERIFICATION
AND
SWORN STATEMENT
Taxes**

VERIFICATION

STATE OF ARIZONA

I, THE UNDERSIGNED

OF THE

(COUNTY OF (COUNTY NAME)) Pinal	
NAME (OWNER OR OFFICIAL) Hank Holmes	TITLE President
COMPANY NAME Picacho Water Improvement Corporation	

DO SAY THAT THIS ANNUAL UTILITY PROPERTY TAX AND SALES TAX REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2007

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS. PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

I HEREBY ATTEST THAT ALL PROPERTY TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.

I HEREBY ATTEST THAT ALL SALES TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.

SIGNATURE OF OWNER OR OFFICIAL

TELEPHONE NUMBER

**SUBSCRIBED AND SWORN TO BEFORE ME
A NOTARY PUBLIC IN AND FOR THE COUNTY OF**

THIS **DAY OF**

COUNTY NAME

MONTH

20

(SEAL)

MY COMMISSION EXPIRES

SIGNATURE OF NOTARY PUBLIC

INCOME TAXES

For this reporting period, please provide the following:

Federal Taxable Income Reported	<u>(15916)</u>
Estimated or Actual Federal Tax Liability	<u>0</u>

State Taxable Income Reported	<u>(15916)</u>
Estimated or Actual State Tax Liability	<u>50</u>

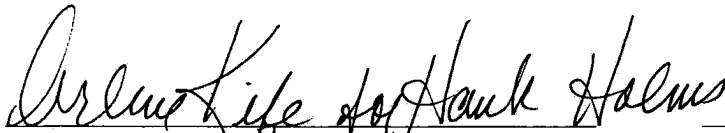
Amount of Grossed-Up Contributions/Advances:

Amount of Contributions/Advances	<u></u>
Amount of Gross-Up Tax Collected	<u></u>
Total Grossed-Up Contributions/Advances	<u></u>

Decision No. 55774 states, in part, that the utility will refund any excess gross-up funds collected at the close of the tax year when tax returns are completed. Pursuant to this Decision, if gross-up tax refunds are due to any Payer or if any gross-up tax refunds have already been made, attach the following information by Payer: name and amount of contribution/advance, the amount of gross-up tax collected, the amount of refund due to each Payer, and the date the Utility expects to make or has made the refund to the Payer.

CERTIFICATION

The undersigned hereby certifies that the Utility has refunded to Payers all gross-up tax refunds reported in the prior year's annual report. This certification is to be signed by the President or Chief Executive Officer, if a corporation; the managing general partner, if a partnership; the managing member, if a limited liability company or the sole proprietor, if a sole proprietorship.


SIGNATURE

3/3/09
DATE

Hank Holmes
PRINTED NAME

President
TITLE

**VERIFICATION
AND
SWORN STATEMENT
Intrastate Revenues Only**

VERIFICATION

STATE OF Arizona

I, THE UNDERSIGNED

OF THE

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2007

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING CALENDAR YEAR 2007 WAS:

Arizona IntraState Gross Operating Revenues Only (\$) \$ <u>63528</u>
--

(THE AMOUNT IN THE BOX ABOVE
INCLUDES \$ 4967
IN SALES TAXES BILLED, OR COLLECTED)

****REVENUE REPORTED ON THIS PAGE
MUST INCLUDE SALES TAXES BILLED OR
COLLECTED. IF FOR ANY OTHER REASON,
THE REVENUE REPORTED ABOVE DOES NOT
AGREE WITH TOTAL OPERATING REVENUES
ELSEWHERE REPORTED, ATTACH THOSE
STATEMENTS THAT RECONCILE THE
DIFFERENCE. (EXPLAIN IN DETAIL)**

SIGNATURE OF OWNER OR OFFICIAL

TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS

 DAY OF

(SEAL)

MY COMMISSION EXPIRES _____

See Accountant's Report.

COUNTY NAME

MONTH	20
-------	----

SIGNATURE OF NOTARY PUBLIC

**VERIFICATION
AND
SWORN STATEMENT
RESIDENTIAL REVENUE
Intrastate Revenues Only**

VERIFICATION

**STATE OF ARIZONA
I, THE UNDERSIGNED
OF THE**

(COUNTY NAME) Pinal	
NAME (OWNER OR OFFICIAL) Hank Holmes	TITLE President
COMPANY NAME Picacho Water Improvement Corporation	

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2007

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS. PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401.01 ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING CALENDAR YEAR 2007 WAS:

ARIZONA INTRASTATE GROSS OPERATING REVENUES
\$ 52116

(THE AMOUNT IN BOX AT LEFT
INCLUDES \$ 3192
IN SALES TAXES BILLED, OR COLLECTED)

***RESIDENTIAL REVENUE REPORTED ON THIS PAGE
MUST INCLUDE SALES TAXES BILLED.**

SIGNATURE OF OWNER OR OFFICIAL

TELEPHONE NUMBER

**SUBSCRIBED AND SWORN TO BEFORE ME
A NOTARY PUBLIC IN AND FOR THE COUNTY OF
THIS _____ DAY OF**

NOTARY PUBLIC NAME	
COUNTY NAME	
MONTH	20 ____

(SEAL)

MY COMMISSION EXPIRES

X

SIGNATURE OF NOTARY PUBLIC

HOLM, HESTAND & VALENZUELA, CPAS, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
3131 NORTH COUNTRY CLUB ROAD, SUITE 109
TUCSON, ARIZONA 85716

DOUGLAS R. HOLM, CPA
EMMA K. HESTAND, CPA
JANETTE G. VALENZUELA, CPA

TELEPHONE: (520) 326-8483
FAX: (520) 795-5191
E-MAIL: HHVCPA@EARTHLINK.NET

We have compiled the balance sheets of Picacho Water Improvement Corporation as of December 31, 2007 and 2006, and the related comparative statements of income and expense for the years then ended, included in the accompanying prescribed form in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. We have also compiled the supplementary information presented in the prescribed form.

Our compilation was limited to presenting in the form prescribed by the Arizona Corporation Commission information that is the representation of management. We have not audited or reviewed the financial statements and supplementary information referred to above, and accordingly, do not express an opinion or any other form of assurance on them.

These financial statements and the supplementary information are presented in accordance with the requirements of the Arizona Corporation Commission, which differ from generally accepted accounting principles. Accordingly, these financial statements are not designed for those who are not informed about such differences.

Holm, Hestand, Valenzuela CPA- P.C.-

May 6, 2008